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STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
OFFICE OF YOUTH SERVICES
820 Mililani Street, Suite 817
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May 13, 2003

ADMINISTRATION
STATE PROCUREMENT OFFICE
STATE OF HAWAII

TO: Mr. Aaron S. Fujioka, Administrator
State Procurement Office

FROM: Sharon L. Agnew, Executive Director

SUBJECT: **REQUEST TO UTILIZE AFTER-THE-FACT SECONDARY PURCHASE**

A handwritten signature in cursive script, appearing to read "Sharon L. Agnew".

Pursuant to the Department of Accounting and General Services, Hawaii Administrative Rules, 3-143-608, Secondary Purchase of Competitive Purchase of Service, the Office of Youth Services (OYS) is requesting approval to utilize after-the-fact secondary purchase of contingent nursing services for the youth incarcerated at the Hawaii Youth Correctional Facility (HYCF). The OYS procured a nursing contract with the Department of Public Safety (DPS) as an after-the-fact secondary purchase for services to June 30, 2003 with an option to extend for three (3) additional years.

As a result of the recent nurses' labor strike, whereby the nurses were awarded substantial salary increases, one of the two nursing services vendors was reluctant in extending the current contract agreement because the compensation by the State was too low. Subsequently, the DPS wrote a new contract with higher wage costs for services that are competitive with current nurses' wages. The OYS is requesting to utilize after-the-fact secondary purchase in order to have acceptable contingent nursing services effective by July 1, 2003.

Description of the Nursing Services:

The Nursing Services provider shall provide the HYCF with nurses who are capable of providing a full range of professional nursing skills from assessment of needs to treatment of a wide variety of patient illnesses, i.e., administering medication, operating special equipment, reacting to emergency situations and conditions, and who are capable of treating patients with the goal of maintaining or improving health care conditions.

The nursing services will only be used on a contingent basis when there is insufficient HYCF nursing staffing to cover required nursing responsibilities. Currently two (2) of the three (3) nursing positions at the HYCF are vacant. HYCF requires 12 hours of nursing coverage on any given day. These nursing contracts will provide the necessary nursing staffing coverage whenever the HYCF nursing staff is not available.

Mr. Aaron S. Fujioka
May 13, 2003
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General Information on Primary Purchaser:

Name of Purchasing Agency: Department of Public Safety (DPS), State of Hawaii

Contact Person: Wesley Mun

Phone No.: 587-2536

Provider and Contract No.: BCP, Inc. dba Nursefinders of Hawaii
PSD-03-HCD-21-A

Provider and Contract No.: ALTRES Staffing, Inc. dba ALTRES Medical
PSD-03-HCD-21-B

Provider and Contract No.: Island Staffing Services, Inc.
PSD-03-HCD-21-C

Contract Period:

Department of Public Safety (Primary Purchaser): Date of contract execution to June 30, 2008
OYS (Secondary Purchaser): July 1, 2003 to June 30, 2008

Contract Amounts (Subject to Availability of Funds):

Exact quantities for RPN and LPN services cannot be determined. Requests for services shall be based on needs of nursing services throughout the contract period.

Statement Regarding Similarity of Service:

The services being purchased by this after-the-fact secondary purchase is substantially similar to the services purchased by the primary purchaser.

Difference Between the Primary and Secondary Purchase:

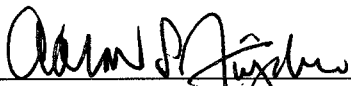
The Primary Purchase requires the service provider to provide nursing services to the correctional facilities operated by the Department of Public Safety on the islands of Oahu, Hawaii, Maui, and Kauai. The service location of the Secondary Purchase for nursing services will be at the Hawaii Youth Correctional Facility located in Kailua, Oahu, Hawaii. All other provisions of the secondary purchase contract shall remain in force.

Previous discussions with DPS indicate there are no concerns regarding this request. Your attention in this matter is appreciated.

If you have any questions, please call Cal Sagara, OYS Program Specialist at 587-5723.

~~APPROVED/DISAPPROVED:~~ *

See chief procurement officer comments.



Aaron S. Fujioka, Administrator
State Procurement Office

5/19/03
Date

SAH No. 03-01s

SUBJECT: Request to Utilize After-The-Fact Secondary Purchase SAH No.03-01s

 Chief Procurement Officer Comments:

Approval for this after-the-fact secondary purchase is disapproved due to insufficient information.

Pursuant to §3-143-608 (b), HAR, the percentage of a secondary purchaser's contract cannot be greater than 30% of the total combined services purchased by the primary and secondary purchasers for each contract unless good cause for a greater share is determined by the head of the secondary purchaser. The request indicates three providers with no contracted amounts and no description of how they would be utilized.

While it may be difficult to determine the exact amount of services to be purchased, a methodology to comply with this requirement is necessary. One way would be to provide estimates based on a standard, such as the amount expended during the last twelve-month period or to propose a detailed methodology of monitoring ongoing usage periodically to ensure it does not go above the allowed percentage.

Further, a five-year contract for an after-the-fact secondary purchase could amount to a large sum; therefore, an estimate of the anticipated expenditures for these contracts is necessary to determine whether an after-the-fact secondary purchase is appropriate.

The intent of the after-the-fact secondary purchase is to provide an effective and efficient way to utilize another agency's procurement when it is appropriate. Consideration must be given to the intent of the procurement procedures and ensuring fairness to providers. The request may be resubmitted when the additional information is provided.